

SENATE RECORD VOTE ANALYSIS

104th Congress
1st Session

Vote No. 514

October 26, 1995, 11:15 p.m.
Page S-15830 Temp. Record

BALANCED BUDGET RECONCILIATION/"Refundable" Child Credit

SUBJECT: **Balanced Budget Reconciliation Act of 1995 . . . S. 1357. Domenici motion to table the Breaux amendment No. 2963.**

ACTION: MOTION TO TABLE AGREED TO, 53-46

SYNOPSIS: As reported, S. 1357, the Balanced Budget Reconciliation Act of 1995, will result in a balanced budget in seven years, as scored by the Congressional Budget Office (CBO). The bill will also provide a \$245 billion middle-class tax cut, \$141.4 billion of which will be to provide a \$500 per child tax credit.

The Breaux amendment would phase out the new \$500 per child tax credit for all taxpayers between \$60,000 and \$75,000 (the bill will begin phasing out the credit for single taxpayers at \$75,000 and married taxpayers at \$110,000; in both cases, the credit will be eliminated after \$20,000 is earned in additional income). The Breaux amendment would also allow the credit for only those children age 15 and under, instead of age 17 and under as provided in the bill (thereby denying coverage for 5 million children). The amendment would then give the \$500 tax credit as a "refundable" tax credit to families with no income tax liability as an offset against payroll (Social Security, Medicare, and unemployment) taxes. (Under this bill, families with children will continue to receive cash EIC payments from the government in excess of their income tax liability, payroll taxes, and employer payroll taxes paid on their behalf (see vote No. 501). In other words, the Breaux amendment would not offset any taxes; it would simply create a new welfare entitlement that the Joint Tax Committee estimates would increase outlays by \$37 billion over 7 years.)

Debate was limited by unanimous consent. Following debate, Senator Domenici moved to table the amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

Argument 1:

(See other side)

YEAS (53)		NAYS (46)		NOT VOTING (0)	
Republicans (53 or 100%)	Democrats (0 or 0%)	Republicans (0 or 0%)	Democrats (46 or 100%)	Republicans (0)	Democrats (0)
Abraham	Helms	Akaka	Inouye		
Ashcroft	Hutchison	Baucus	Johnston		
Bennett	Inhofe	Biden	Kennedy		
Bond	Jeffords	Bingaman	Kerrey		
Brown	Kassebaum	Boxer	Kerry		
Burns	Kempthorne	Bradley	Kohl		
Campbell	Kyl	Breaux	Lautenberg		
Chafee	Lott	Bryan	Leahy		
Coats	Lugar	Bumpers	Levin		
Cochran	Mack	Byrd	Lieberman		
Cohen	McCain	Conrad	Mikulski		
Coverdell	McConnell	Daschle	Moseley-Braun		
Craig	Murkowski	Dodd	Moynihan		
D'Amato	Nickles	Dorgan	Murray		
DeWine	Pressler	Exon	Nunn		
Dole	Roth	Feingold	Pell		
Domenici	Santorum	Feinstein	Pryor		
Faircloth	Shelby	Ford	Reid		
Frist	Simpson	Glenn	Robb		
Gorton	Smith	Graham	Rockefeller		
Gramm	Snowe	Harkin	Sarbanes		
Grams	Specter	Heflin	Simon		
Grassley	Stevens	Hollings	Wellstone		
Gregg	Thomas				
Hatch	Thompson				
Hatfield	Thurmond				
	Warner				

EXPLANATION OF ABSENCE:

1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:

AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

The low-income groups which would benefit from making this new tax credit refundable are the typical targets of our Democratic colleagues' motherly ministrations, and, as usual, despite their sweet rhetoric of how they will make the rich pay for this new program, their actual targets are the same working, middle-class Americans who suffer every time Democrats get an itch to spend other people's money. We have not proposed this \$500 tax credit to benefit everybody--we have proposed it to benefit average working families who have suffered a 30-year onslaught by liberal Democrats. In the 1950's, a typical American family sent \$1 out of every \$50 to Washington. Today it sends \$1 out of every \$4. The burden is crushing average Americans, forcing both spouses into the workforce, and depressing their standards of living. It is also leading to the dissolution of the family, as more and more families are non-working single mothers with children who rely on the ever-expanding welfare programs of our caring Democratic colleagues. If this trend continues, there will soon not be enough working, middle-class families left for Democrats to tax to pay for all their social programs. If present trends continue, by early in the next century half of all children born will be born out-of-wedlock, and most of those children will be on welfare. Our colleagues may be shocked that we are determined to help the vanishing middle-class family without at the same time providing even more means-tested Federal benefits. Be that as it may, our goal with this tax credit is not to give more Federal money to poor people who did not earn it; instead, our goal is to scrape the Federal Government at least partially off the backs of those Americans who have been forced to carry the load for the last several decades.

Some Senators may protest that the purpose of the Breaux amendment is simply to offset the costs of payroll taxes. Putting aside that this purpose further belies the fiction that Social Security and Medicare are voluntary pension and insurance programs that give back "contributors" only their just due (the taxes are regressive, but the benefits are even more progressive; the effect is to let rich people slide and make middle-class Americans pay for the retirement and health care for poor Americans), we note for our colleagues that this bill will continue through the Earned Income Credit to offset fully, and then some, not only every penny a working poor person pays in Social Security taxes, but also every penny that poor person's employer pays. In other words, under this bill, poor people already are being given Social Security and Medicare benefits for free, and they are also receiving a check on top of it. Amazingly, our colleagues want us "to refund" the same money twice, much of which did not in the first place even come from those people who will get the refunds. This new entitlement to us is utter folly.

The burden for this new program will fall on American families with incomes up to \$130,000. As the bill is drafted, the benefit will phase out for couples earning between \$110,000 and \$130,000, and will phase out for single parents earning between \$75,000 and \$95,000. As a start, the Breaux amendment would impose a marriage penalty, by treating families with one and two parents the same, as though the cost of living for the second parent is \$0. Next, the Breaux amendment would phase out the credit between \$60,000 and \$75,000. No one, or no couple together, earning over \$75,000 would get a penny of credit (apparently, such people fit the Democrats' new definition of rich). Next, the Breaux amendment would only allow the credit to apply to children age 15 and under. Perhaps the assumption is that once a dependent child reaches the age of 16 a family no longer has to spend money on that child. This restriction, of course, will hurt families at \$60,000 in income, at \$50,000 in income, at \$40,000 in income, all the way down to the level at which our colleagues' new entitlement proposal will kick in to make up the difference by refunding far more than was ever paid in taxes.

The \$500 tax credit, which is the centerpiece of the tax relief in this bill (comprising well more than half, \$141 billion, of the \$245 billion total), is not for welfare, it is for the middle-class taxpayers who have been forced to pay for welfare every time Democrats have talked about soaking the rich. We make no apologies for this proposal, and will fight tooth-and-nail any proposal to turn it into a new welfare program.

Argument 2:

We are generally predisposed to making this tax credit refundable, but we are not willing to do it at the expense of other working, middle-class Americans. If our colleagues can find offsets that do not come at the expense of working Americans, we will be willing to discuss this proposal. "Refunding" money to people that they have not paid in the first place it is a rather fanciful use of the English language, to put it politely, but it does serve the useful function of rewarding work rather than indolence. However, the primary focus of this credit must remain to provide tax relief to those middle-class taxpayers who have been forced to shoulder the burden of "Great Society" programs for too long. Therefore, we must support the motion to table.

Those opposing the motion to table contended:

We have proposed this amendment in an effort to cut to the final act. Every Senator here knows or should know that Republicans are not going to back down on giving some type of child care tax credit. Every Senator here also knows or should know that Democrats are going to insist on expanding the credit so that low-income workers can also benefit. With these facts in mind, the Breaux amendment offers the compromise solution now that is most likely to be agreed upon when the dust finally settles on this issue. It would shift the credit down, phasing it out between \$60,000 and \$75,000 in income, and it would make it fully refundable against the income tax. By making this shift, 31 million more children would be covered than under the bill as drafted, and these children would be from low-income families who need the help the most. A family making \$20,000 per year pays only \$458 in

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income taxes, but pays \$1,530 in payroll taxes. This proposal would not cost any more money. For the same cost, it would cover tens of millions more children from needier families. We all know that in the end Congress will agree to this type of proposal. We see no reason for waiting for the inevitable, when we can just agree to the Breaux amendment now and put this matter behind us.